



STATE EMPLOYEE DEPENDENT CARE GRANT PROGRAM OVERVIEW

The Department of Personnel Administration (DPA) is pleased to announce a new grant program to establish or expand day care facilities for children or adult dependents of State employees. These grants are up to \$50,000 each, and are currently available to non-profit corporations whose intent is to provide care for dependents of State employees. Grant applications are being accepted now. Funds will be available on a first-come, first-serve basis through June 30, 2005, or when all funds are expended, whichever comes first.

More information on this program can be found on the DPA website at www.dpa.ca.gov/workingfamilies , or from Rosanne McHenry, Work & Family Program Coordinator at (916) 327-0522, RosanneMcHenry@dpa.ca.gov, or 1515 "S" Street, North Building, Suite 400, Sacramento, CA 95814.

BACKGROUND

The Work & Family Labor/Management Committee (the Committee) is a joint labor-management team established as a result of contract negotiations in 1999 between the State of California (Gov. Gray Davis) and the employee organizations representing the State's 21 bargaining units. Its mission is to identify, recommend, and advocate family-friendly policies and programs to support California State employees in balancing their work and family needs. The authority of the Committee is vested in the negotiated collective bargaining agreements that apply to the entire represented State workforce.

In September 2000, the Committee published a report of its findings and recommendations regarding family related issues of importance to State employees. The report found that 74% of California State employees reported problems with finding dependent care. The report recommended that the Committee set aside funding for dependent care demonstration projects, including providing "seed money for supporting the growth of more affordable, quality dependent care services for State employees, such as near site or onsite childcare, elder care, spouse/partner adult day care, as well as after hours and weekend care in cases of unscheduled/unplanned overtime and emergencies." In recognition of this need, the Committee set aside

\$500,000 of its funding to establish the State Employee Dependent Care Grant Program. This new grant program draws on the successful model established in 1984 for the Child Care Program. However, the Committee has updated and expanded the model to include adult day care, to fund expansion of existing facilities as well as start-up of new facilities, to allow partnership agreements with existing non-profit facilities, and to reflect cost increases since the 1980's.

GRANT AMOUNTS AND TYPES

The maximum grant available to each non-profit corporation is **\$50,000**. There are two types of grants: **Childcare Start-Up Grants** for new childcare facilities and **Expansion Grants** for existing child, adult or senior day care facilities.

A. Childcare Start-Up Grants for new childcare facilities

The Committee determined that a self-sustaining childcare center must have an enrollment of at least 30 children, and has used this figure to determine the grant amounts for establishing a new childcare center. The Childcare Start-Up grant is funded in **three phases**, reflecting different activities that occur during this period. A separate application must be submitted for each phase. The following amounts are for a 30-child facility (grant award not to exceed \$50,000):

Phase 1: Incorporate, hire director, begin marketing.....	\$10,155
Phase 2: Purchase equipment, supplies, insurance.....	\$22,950
Phase 3: Initial salaries and food.....	\$14,800
TOTAL.....	\$47,905

A more detailed breakout of the costs for all 3 Phases can be found on **Attachment IV**.

B. Expansion Grants for existing child, adult, or senior day care facilities

Program expansion grants for childcare and adult/senior day care will vary depending on the size and type of facility, and the scope of its proposed expansion. Applicants may request funding for all or part of the costs of facility renovation, additional program equipment, supplies, or other expenditures associated with program expansion. Program expansion grants will be determined on a case-by-case basis, up to a maximum of \$50,000.

GRANT CRITERIA -- See Attachment I

The Committee has developed, and DPA has approved, criteria for grants for facilities. The statute authorizing the State Employee Dependent Care Grant Program (California Government Code §19822.7) requires that child or adult day care centers receiving grants from the Work and Family Fund be non-profit corporations.

A. APPLICATION PROCESS FOR CHILDCARE START-UP GRANTS

Letter of Intent -- See Attachment II

Prior to completing the Phase I application, employees interested in forming a governing board and applying for a Start-Up Grant should submit a "Letter of Intent" to the Work and Family Coordinator. The letter must be signed by each of the individuals on your governing board. The attached Sample Letter of Intent shows the language required as well as the contact person and mailing address. The Work and Family Program Coordinator will send an application package upon receipt of this letter.

Phases I - III

The grant application process for a care facility startup grant has three phases. Each phase has its own required forms and attachments.

Phase I – should begin 6-10 months prior to anticipated opening of center. This phase includes determining need, finding sponsoring agencies, incorporation, hiring director, acquiring space, determining needed renovations, and initial marketing.

Phase II – should begin 3 – 4 months prior to the anticipated opening of the center. This phase includes any needed site renovations, operating plan, purchasing equipment, and obtaining insurance.

Phase III – should begin one month prior to the anticipated opening of the center and end when the center is scheduled to open. This phase includes activities such as the establishment of final business processes.

It is expected that each applicant will progress through all three phases within a 24-month timeframe. Applicants are responsible for accurate, current, and complete information about their organization and the services proposed. Decisions regarding eligible applicants and proposal funding will be based on the information applicants provide in their proposals. Therefore, submission of all required documentation must be completed in the manner outlined in this application packet. All pages and attachments must be numbered in sequential order.

Once the Phase I funds have been approved, funds for the remaining phases will be set-aside for the applicant. However, subsequent funding is not guaranteed. Applicants must meet all requirements outlined for each phase in a timely manner.

To meet the timeframes, it is anticipated that your group will start Phase I of the grant process eight to ten months prior to the anticipated opening of your care center.

Key steps in the process include:

- File a Letter of Intent to Start-up a Childcare Facility with the Work and Family Program (see section below on Letter of Intent).
- Verify the need for a care center using market surveys and needs assessments.
- Form a non-profit corporation and meet other organizational requirements including the requirement to give priority placement to dependents of State employees.
- Submit a request for tax exempt status IRC (501) (c) (3) to the Internal Revenue Service and the California Franchise Tax Board.
- Acquire written authority to use appropriate licensable space and make the necessary renovations, if any, to make the space licensable for a day care center.
- Complete an initial budget
- Complete a plan of operation including marketing plan, final budget, staffing plan, enrollment plan, and fee schedule.
- Implement a fiscal accounting system
- Sign a Grant Agreement with the State of California. (A Sample Grant Agreement is attached to each application packet. A Grant Agreement is required before the disbursement of approved funds at each phase of the grant.)
- Submit an independent audit of your center's operations to the Work and Family Program at the end of Phase II to ensure that grant monies have been spent in accordance with the legal agreement; that at least 50% of the children enrolled in the center are dependents of State employees; that funds are properly established; and that fiscal controls are being observed. This audit will generally be performed by the sponsoring State agency.
- Complete all three phases of the grant application process and the activities required to establish the center.
- As each phase is completed, send one original and one copy of the application package for the next phase to:

Department of Personnel Administration
Attention: Rosanne McHenry
Work and Family Program
1515 S Street, North Building, Suite 400
Sacramento, CA 95814

For questions, comments or clarifications call (916) 327-0522 or e-mail RosanneMcHenry@dpa.ca.gov .

- Subsequent to receiving the final grant, the employee corporation will be expected to operate the center on a self-sustaining basis.

C. EXPANSION GRANTS - APPLICATION PROCESS

The grant application process for an Expansion Grant for existing child, adult or senior day care facilities has only one phase. Key steps in the process include:

- Applicant Information
- Project Profile
- Client Population
- Facility Description
- Facility Fiscal Information (including an Independent Audit Report which should be completed by the sponsoring State agency)
- Program Expansion Plan (including Grant Expenditure Plan and Project Budget)
- Documentation of a partnership agreement with one or more State agencies in your geographic area.
- Signing of a Grant Agreement with the State of California. (A Sample Grant Agreement is attached to each application packet. A Grant Agreement is required before the disbursement of approved funds.

Send one original and one copy of the application package to:

Department of Personnel Administration
Attention: Rosanne McHenry
Work and Family Program
1515 S Street, North Building, Suite 400
Sacramento, CA 95814

For questions, comments or clarifications call (916) 327-0522 or e-mail RosanneMcHenry@dpa.ca.gov .



ELIBILITY CRITERIA

Start-Up Grant for a New Childcare Facility

1. Establish a governing board for the proposed childcare facility. The board must consist of at least 51% State employees and include a representative of State labor and a representative of State management.
2. The board forms a non-profit corporation and files with the Secretary of State.
3. Conduct a needs assessment and/or marketing analysis which supports the establishment of a new childcare facility.
4. Adopt an acceptable budget and a standardized fiscal control and accounting system which reflect reasonable potential for solvency.
5. Obtain authority to use an appropriate, licensable space.
6. Obtain a license to provide childcare from the State Department of Social Services.
7. Develop an enrollment plan that gives priority to the dependents of State employees.
8. Develop a partnership agreement with one or more State of California agencies in geographic area. For information on Guidelines for State Agency Sponsors, please see Attachment III.

ELIBILITY CRITERIA

Expansion Grant for an Existing Child or Adult Day Care Facility

The facility must:

- Be operated by a non-profit corporation. At least one voting position on its governing board be designated for a State of California employee.
- Be a licensed day care provider for the type of dependent care offered (i.e. childcare, adult day care, etc.).
- Be financially sound. Fiscal control and accounting systems must conform to generally-accepted accounting principles.
- Have a provision in its enrollment policy giving priority to dependents of State employees for a designated number of program slots.
- Have a partnership agreement with one or more State of California agencies in its geographic area. For information on Guidelines for State Agency Sponsors, please see Attachment III.

SAMPLE LETTER OF INTENT To Establish a Child Day Care Facility

TO: Rosanne McHenry
Work and Family Labor Management Committee
Grant Giving Subcommittee
Department of Personnel Administration
1515 "S" Street, North Building, Suite 400
Sacramento, California 95814
ATTN: Rosanne McHenry

FROM:

SUBJECT: LETTER OF INTENT TO ESTABLISH A CHILD DAY CARE FACILITY

We the undersigned, intend to form a non-profit corporation for the purpose of providing childcare to the dependents of State employees. We recognize that this represents a major business undertaking, including:

1. Ensuring the safety and proper care of infants and small children.
2. Overseeing facility maintenance and furnishings.
3. Hiring and firing staff.
4. Having full fiscal responsibility for the operation of the childcare center.
5. Being responsible for meeting licensing requirements.
6. Having a partnership agreement with one or more State of California Agencies.

Please send us a copy of the application package for a start-up grant for childcare.

We here certify that we are prepared to, and capable of, doing the work necessary to establish and maintain a State employee childcare center.

Name	Signature	Phone
Dept. Name & Address		
Name	Signature	Phone
Dept. Name & Address		

Name	Signature	Phone
Dept. Name & Address		
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Attach additional sheets for signatures, as necessary.

Work and Family Labor Management Committee
**GUIDELINES FOR STATE AGENCY SPONSORS
OF DEPENDENT CARE FACILITIES**

The Work and Family Labor Management Committee (WFLMC) provides grant funding to dependent care centers that provide day care services to the dependents of state employees. These grants are provided for start-up funding for new centers and for expansion of existing centers. In either case, the WFLMC requires that any group seeking funding be a non-profit organization that (1) includes state employees as Board Members and (2) agrees to give priority consideration to enrolling the dependents of state employees. Further, we require that the non-profit organization seek the sponsorship of at least one state agency in the immediate geographical area where the dependent care facility is or will be located. The following guidelines have been developed to give a sponsoring agency general direction regarding the role that it is expected to play with regard to the formation or expansion of the dependent care facility.

1. **Board Membership** – While often the rank and file employees will initiate the drive for on-site or near-site dependent care services, they often lack the business and management skills that are essential for the effective administration of such a significant undertaking. While some guidance is provided by the WFLMC in the grant application materials, this is no substitute for hands on leadership and mentoring. Therefore, sponsoring agencies are requested to endorse the participation of at least one management employee to the Board of Directors. During the formative stages of the non-profit organization and the dependent care center, it is ideal if the management representative is someone from the department's administrative organization that is familiar with planning, marketing, record keeping, budgeting, procurement, and facility operations.
2. **Facility Support** – If the proposal is for an on-site facility, then the sponsoring agency will typically be the primary tenant of the building or property. As such, the agency is usually very involved in the actual design and development of the center. While direct financial support of the day care center is not permitted, in-kind services may be provided at the discretion of the department director. This may include providing whatever facility operations services that are available such as minor construction, plumbing, electrical, painting, grounds keeping and janitorial support.
3. **Fiscal Audit** – The WFLMC requires that every dependent care center that receives funding must be audited at least once, as a condition of the funding. For start-up grants, the audit must be performed between the second and third phase of the funding process. This is usually after the center is built, but before the center is opened for business. For expansion grants, the audit must be performed before any grant funding is awarded. The purpose of the audit is to ensure that the non-profit corporation follows generally accepted accounting standards and that there is an appropriate separation of duties between board members and staff. Also, in the case of start-up grants, the WFLMC seeks assurance that grant funds for Phases I and II have been appropriately expended in accordance with the terms of the agreement, before the final funds are

appropriated. Since audits performed by private accounting firms can be expensive, we strongly encourage the sponsoring agency to take on this responsibility. If the day care facility is at a location where there are no staff members who can perform this audit, then someone from the department's accounting staff or internal audit unit at headquarters should be assigned this task. Additional information on the governmental accounting standards for conducting such an audit can be found in numerous publications that are available. The following are provided as suggested references only:

Financial and Accounting Guide for Not-For-Profit Organizations
by Malvern J. Gross, Richard F. Larking and John H. McCarthy.
Publisher: John Wiley and Sons Incorporated. April 2000. (\$170)

Unified Financial Reporting System for Not-for-Profit Organizations
by Russy D. Sumariwalla and Wilson C. Levis.
Publisher: John Wiley and Sons Incorporated. May 2000. (\$71)

4. **Fund Raising** – Most dependent care centers operate on a shoe-string, often struggling from month to month to meet expenses, especially in the first year of operation. This is one of the reasons why the grant program was developed. However, the grant will only cover a small portion of the money needed to keep the operation solvent. As a result, most day care operations will require the ongoing support of the employees, even those who do not directly benefit from the services offered. One way to achieve this is for the non-profit organization to undertake some form of fund-raising activities, such as bake sales, raffles, etc. The sponsoring agency is requested to be as supportive of these efforts, as possible, within the limitations of the operational needs of the agency, allowing signs to be posted throughout the agency and employee break times and lunches flexed to permit maximum participation in these events.

We appreciate that this may add additional responsibilities on your department's already stressed administrative resources. However, with these responsibilities come many positive benefits. Studies have shown that quality day care at the workplace improves employee morale, reduces absenteeism and generally promotes a more positive working environment. Your role as an agency that is willing to sponsor a dependent care center will assist you in recruiting and retaining employees and being viewed as an family friendly employer. The WFMLC appreciates your efforts and recognizes the commitment that you have shown to make convenient and affordable day care a reality for your employees. If you have any questions about these guidelines, or would like to provide any input regarding the grant program, please contact Rosanne McHenry at rosannemchenry@dpa.ca.gov or (916) 327-0522.

BREAKDOWN OF CHILD CARE GRANT BY PHASES

The amounts shown below are for a center of 30 children, and are provided for your information and guidance. Your actual figures may differ from these suggested amounts. However, your total grant request may not exceed \$50,000.

Phase I	
Articles of Incorporation (Reserve name and filing fee)	30.00
Tax Exempt Application Fee	25.00
Director's Salary and Benefits (2 months prior to opening)	7000.00
Consultant Fees (Child care professional)	750.00
Accounting/Legal Consultation	750.00
Board of Directors Insurance	1200.00
Advertisements/Brochures/Printing	400.00
✧ Phase I Subtotal	\$10,155.00
Phase II	
Telephone Installation and Deposit	300.00
Bookkeeping System (computer, accounting software)	2500.00
Playground Equipment	6500.00
Supplies [\$30 per child]	900.00
Classroom Equipment/Minor Renovation (\$250 per child)	7500.00
Curriculum (books, teaching aids [\$30 per child])	900.00
Worker's Compensation Insurance (2 months)	1500.00
Liability Insurance (6 months)	2500.00
Membership/Subscriptions	350.00
✧ Phase II Subtotal	\$22,950.00
Phase III	
Food (2 months [\$80 per child])	2400.00
Director's Salary and Benefits (2 months)	7000.00
Teacher's Salary and Benefits (2 months)	5000.00
Petty Cash Fund (2 months)	400.00
✧ Phase III Subtotal	\$14,800.00
Child Care Grant Estimated Total	\$47,905.00